

## OGC Has Reviewed

Approved For Release 2001/08/28 : CIA-RDP68-00140R000200200009-9

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DD/S 59-4829  
OGC 9-1274(a)

C O P Y

24 November 1959

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT : Life Insurance Coverage of CIA Employees Flying on  
Non-scheduled Aircraft Whether or not Owned by or  
Operated Under Contract with CIA

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REFERENCES : a. Dispatch [REDACTED] from [REDACTED] dated 30 July 1959 (Tab A)  
b. Memorandum to the Deputy Director (Support) from  
Director of Security, dated 31 July 1959, subject:  
Insurance Coverage on Non-scheduled Flights (Tab B)  
c. File containing several documents between the Chief  
of Communications and [REDACTED] and the Chief, Benefits  
and Services Division (Tab C)

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### 1. PROBLEM:

Furnish guidance in order to arrive at a firm statement of policy and put an end to discussions and correspondence concerning the above subject.

### 2. FACTS BEARING ON THE PROBLEM:

For the past several years countless man-hours have been devoted to repetitive discussions relating to this subject. The most recent are references a., b., and c. Reference a. is basically on another subject but makes the point that CIA employees in the field are reluctant to use [REDACTED] flights on the grounds that some of their private commercial life insurance policies might not cover them in whole or in part. The issue there is whether or not to direct such employees to use those flights in preference to commercial flights. Reference b. requests approval for the purchase, at the expense of the Agency, of Flite Plan insurance policies for employees of the Office of Security who are "required to use non-scheduled flights or may reasonably be expected to use such in performance of official duties." Reference c. is a general discussion of the various benefits available to CIA employees, including the Government term insurance policies WAEPA, FEGLI and UBLIC and FECA benefits. One of these documents, however, requests that legislation be sought to authorize compensation to employees or their heirs in the amount they would have received but for the non-coverage of their personal life insurance policies.

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3. DISCUSSION:

a. We are not concerned here with injury which does not result in death since we are not aware of any accident insurance or hospitalization insurance policies which contain any exclusions. Moreover, the Federal Employee's Compensation Act provides full coverage of medical expenses plus benefits for permanent disability incurred in the performance of duty without any limitation whatever except willful misconduct and drunkenness. Our only concern here is with death occurring in the course of a flight on a non-scheduled aircraft.

b. There is some difference of opinion as to the probable number of commercial life insurance policies held by CIA employees which exclude either payment of the full amount or accidental death benefits or both and in what circumstances these exclusions apply. It is generally agreed, however, that the precise answers to these questions cannot reasonably be obtained since to do so would necessitate an examination of all insurance policies held by all CIA employees. Even then the answer would not be firm due to the variations in wording of the several policies as applied to an infinite number of possible events.

c. The picture is clearer with respect to the Government term life insurance policies. The many studies of this subject show that FEGLI, WAEPA, and UBLIC pay the full amount for death regardless of the circumstances of its occurrence. Accidental death benefits, however, are subject to some exclusions. In the case of FEGLI, death resulting from an act of war is excluded. In the case of WAEPA, it is membership in a crew of an aircraft not previously tested and approved, and in the case of UBLIC, it is mere membership in the crew of an aircraft.

d. We are not concerned here with professional pilots and crew members. We are informed that personnel having duties not related to flying the plane, such as jumpers and kickers, would not be considered members of the crew within the meaning of the WAEPA and UBLIC policies.

e. Questions have been raised as to the coverage of Government term insurance policies with regard to a non-scheduled aircraft shot down in the course of an overflight over either a friendly country or an Iron or Bamboo Curtain country. In our opinion, such an act would not be an act of war within the meaning of the FEGLI exclusion unless the aircraft were engaged in drops or other activities at the scene of actual armed conflict. For the purposes of this discussion, therefore, the exclusions in the Government term insurance policies do not apply.

f. From the foregoing it appears that insofar as the Government term insurance policies are concerned no problem arises out of using non-scheduled aircraft for official trips. Private commercial policies may

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not be affected, and there is no realistic way of analyzing this side of the problem. As a matter of law, if a commercial policy failed to cover an employee who was killed while on official travel in a non-scheduled aircraft, no cause of action against the Government would arise. In this connection, the use of non-scheduled aircraft was considered among other potential hazards of our business by the Insurance Task Force some years ago. The conclusion, which we believe still to be Agency policy, was that so-called hazardous pay would not provide for situations involving risk. It was decided that the best insurance program that could be devised would be made available to employees so that they could elect the coverage they would want for situations facing them.

g. We believe there is no legal objection to a regulation that all employees will use aircraft owned by or operated under contract with CIA in preference to commercial flights. The Department of Defense has long had such a regulation requiring employees if they traveled by air to use military aircraft rather than commercial, and these regulations were in effect prior to the acceptance of MATS by most insurance companies as being equivalent to a scheduled airline.

h. Aside from insurance as such, the Government provides very valuable benefits in the Federal Employees' Compensation Act for death in line of duty which would cover death incident to official travel. For example, an employee with a wife and two minor children is covered under FECA in an amount equivalent to commercial life insurance policies between \$100,000 and \$150,000 face amount. The premium payable of \$150,000 of insurance if taken out at age 20, would be about \$3,000 per year. If taken out at age 40, the premium would be approximately \$5,000 per year.

4. CONCLUSIONS:

We see no objection to amending [REDACTED] to provide that employees will use aircraft owned by or operated for CIA in preference to commercial flights whenever feasible. We believe that the proposal for the Agency to buy Flite Plan insurance under these circumstances would amount to providing additional compensation for services and in effect, therefore, be a form of hazardous pay which has been rejected in principle by the Agency after much study in the past. We, therefore, do not agree with this proposal. Despite efforts heretofore made, it would seem that Agency personnel still are not sufficiently aware of their responsibility to provide appropriate coverage for themselves and their families out of available insurance programs and are not sufficiently aware of the value of FECA benefits and the circumstances under which they may apply.

/s/Lawrence R. Houston  
General Counsel

Attachments  
cc: D/Sec, D/Pers w/o att




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NOTE FOR THE RECORD

On 11 October 1960 copies of the attached were given to the following:

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It is understood that these copies were distributed during the Support Chiefs' Meeting.

An additional six copies were forwarded to Chief, DPD/ADM, on 5 January 1961, per his phone request.

MISSING PAGE

ORIGINAL DOCUMENT MISSING PAGE(S):

Missing Attachment